

DC Business Connections



Brief Analysis and Findings

*CEO Needs and Their Attitudes and Opinions
About Doing Business in the Nation's Capital*

December 2001

The Program

DC Business Connections is Mayor Anthony Williams' corporate outreach and business retention program operated by the Washington DC Marketing Center. Professionally trained outreach specialists visit with key decision makers to thank them for contributing to the District's economy. During the visit, the outreach specialists gauge CEO attitudes and opinions about doing business in the District, as well as identify issues or questions which can be referred to any of the over 25 DC Business Connections partners for response.

Chief Executive Officers representing at least **530 diverse District-based firms** have taken part in *DC Business Connections* since April 2000. This participation rate makes *DC Business Connections* one of the most ambitious and successful city-based business retention programs in the nation.

"DC Business Connections is the thing. I have been here 14 years and nobody has ever asked me anything. This is great! What you are doing is outstanding. If only one or two of the things we have requested can be fixed, that would be a great thing."

-A large association

"Keep initiating programs like this, programs that make it easier to do business here."

-A small info tech business

"Reduce the bureaucracy. The DC Marketing Center and initiatives like it are important to the business climate of the city. Good to know that with one call a business can get the answers they need. Good to know that the representative from the agencies will find answers for (you) or direct (you) to the right person. One-stop-shop."

-A mid-sized association

Business Demographics

INTERVIEWED FIRMS—BY BUSINESS CLUSTER

Business/Professional/ Financial/Association	69%
IT/Telecommunications	15%
Media/Publications	13%
Other	3%

A large number of the District's key wealth and job creators fall within three industry clusters.

WHY DC?

Top three replies:

Proximity to federal and local government	47%
Proximity to customers	17%
Quality of Life/CEO Residence	9%

The Federal Government still has magnetic appeal to almost half of all interviewed District businesses.

FIRMS HEADQUARTERED IN DC

Headquartered in DC	71%
Headquartered outside DC	29%

The majority of interviewed firms are anchored in the District.

Business Climate/Business Vitality

DC BUSINESS CLIMATE

Of CEOs interviewed, **83%** feel *somewhat-to-very positive* about doing business in the District today and **82%** say that the District's business climate is *somewhat-to-much better* than five years ago.

Many CEOs credit Mayor Williams and his administration for the highly optimistic atmosphere in the District.

“Project a positive image of the District. The mayor has been impressive, very outgoing, charismatic, has tremendous amount of pride in the city, and that sentiment rubs off. The image is a clean, upstanding city. “

-A small DC-based association

“The new administration is pretty progressive. I believe they are headed in the right direction. “

-A small media publications firm

DIVERSIFICATION OF CUSTOMERS

Based on 336 respondents

Firms deriving 20% or less of sales from top three customers	50%
Firms deriving more than 50% of sales from top three customers	26%

Overall, District firms have a high degree of customer diversification.

RELIANCE ON GOVERNMENT

Interviewed firms doing work for the government	43%
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Many, but not the majority, of interviewed firms do not conduct business with either the Federal or District Government despite a commonly held perception to the contrary. This bodes well for the growing diversification of the District's economy.

INTERNATIONAL TRADE

Interviewed firms that generate revenues from abroad	50%
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Half of all interviewed firms engage in exporting services or products, or have clients that are outside the US. This is a reliable benchmark about the vitality of these businesses. Firms that export are more dynamic than those who do not.

DC FIRMS AND TECHNOLOGY

Interviewed firms with a web page	89%
Interviewed CEOs/decision-makers supplying an e-mail account	80%

DC-based firms are overwhelmingly using web sites and e-mail.

Workforce and Sales

JOB OPENINGS

Interviewed firms since mid-September with job openings **39%**

Even with the national economic downturn and events of September 11th, job openings underscore the robust economy in the District today. (Note—businesses in the retail and tourism sectors are not part of DC Business Connections targeted industry clusters.)

WORKFORCE SKILLS

Firms interviewed in 2001 having trouble finding needed employees **50.1%**

This figure is down from 2000, when 68% of firms experienced difficulty hiring. This could be the result of there being more people in the job market in a softer economy.

Of those firms having difficulty finding employees, 44.5% say that applicants lack skills or are not qualified for the job opening. 31.2% indicate that the jobs they need to fill require highly specialized skills. While problematic today, this presents great opportunities for the District's job training agencies and organizations.

"(It is) much harder to attract support staff because they can work for anyone. We often have to fire some support staff because they lack basic skills."

-A mid-sized public relations firm

WORKFORCE RESIDENCY

Firms with **75% or more** of their workforce living outside the District **46%**

Firms with **50% or more** of their workforce living outside the District **81%**

Most people who work here don't live in the District. This condition can be improved through the availability of affordable housing and better public schools.

SALES/BUDGET

Sales/budgets of \$10 million or less **66%**

Sales/budgets of \$50 million or more **12%**

PREDICTED SALES/BUDGET GROWTH NEXT YEAR

Based on responding firms visited in 2001

Firms predicting sales/budget growth of 11% and greater	38%
Firms predicting sales/budget growth of 1% - 10%	42%
Firms predicting negative or 0% sales/budget growth	21%

Despite recessionary times, nearly 80% of companies visited in 2001 are optimistic and expect some growth in 2002.

"Launch a campaign featuring Mayor Williams—encouraging people to come to the District, shop in the District, and live in the District."

-A mid-sized association

CEO Attitudes and Opinions

CEOS RATE PUBLIC SERVICES

Airport facilities rated as <i>good-to-excellent</i>	92%
Public transportation rated as <i>good-to-excellent</i>	82%
Telecommunications rated as <i>good-to-excellent</i>	66%
Police protection rated as <i>good-to-excellent</i>	64%
Fire protection rated as <i>good-to-excellent</i>	64%
Energy/Utilities rated as <i>good-to-excellent</i>	62%
Roads as <i>fair-to-poor</i>	86%
Public schools rates as <i>fair-to-poor</i>	54%

Improving public schools is high on the Mayor's priority list. Better public schools will help to stabilize and grow the District's population.

"Make it easier for people to live here. For people with kids that means improve the public school system. For people without kids that means lower rent/affordable housing. Easier to live here will mean different things to different people. Just like you are asking businesses what it will take to keep them, find ways to ask people why they don't want to live here or can't. If someone lives in VA why should they work in DC? So many young people want to live here and

be a part of the city but they cannot afford it. If the city won't help to make it easier for them to live here, why should they stay here to work?"

-A mid sized media firm

"Build incentives for technology firms to come into the city. Not only making the process easier to come here, actually create incentives for these technology companies."

-A mid sized info tech company

"Improve parking so that people are encouraged to shop in the District. Provide more parking garages with affordable rates."

-A mid sized info tech company

"Be more service-oriented to businesses and residents. Help them maneuver through the government red tape and not aggravate the business of working here."

-A mid sized media publications firm

"DC needs to arrest the outflow of population dripping away to the suburbs."

-A small media/publications firm